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TO : Central Intelligence Agency

DATE: December 4, 1977

FROM : *H. B. Ferry*
H. B. Ferry, Bureau of the Budget

SUBJECT: Categories for Survey of Intelligence Budgets

Mr. Hamilton and I appreciate the opportunity you provided to study the categories suggested by the interagency group. As I indicated at the last meeting, the outline is essentially the kind we need to achieve the objectives Mr. Macy presented to the IAC.

We are still in the position of not being sure which "breaks" would be meaningful when costed out. The additional detail which is included in the revised outline below is suggested mostly to ascertain whether it is available.

I. Collection

A. Overt

B. Covert

II. Research and Production

A. Political, cultural, and social (including propaganda analysis)

B. Ground forces

C. Naval forces

D. Air forces

E. Economic

1. Air targets

2. Economic defense

3. Other

F. Scientific and Technical

G. Geographic

III. Support and Dissemination

A. Screening

B. Translation

C. Reproduction and Distribution

1. Field Reports

2. Finished intelligence

On file OMB release
instructions apply.

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4. The category "collection" should be divided as overt and covert.

5. The category "dissemination" should include screening, reproduction, translation, distribution, and libraries.

6. In connection with these activities, whether by intelligence or by operations, which serve purposes other than intelligence, the approximate intelligence cost should be broken out and listed. This is particularly applicable to certain problems in collection, but is not necessarily restricted to collection.

SUBJECT: IAC Comments on "Resume of Budgetary Analysis of Intelligence Programs Planned by the Staff of the Bureau of the Budget"

1. Objectives of Review

The Intelligence Advisory Committee recognizes that, despite the difficulties involved, a review of all budgets pertaining to intelligence is a necessary process if the President is to be informed of the total cost of intelligence in relation to other aspects of the national security program of the country.

The IAC also recognizes that Congress and others outside intelligence have not to date been fully aware of the interdependence of various agencies of the Government participating in the intelligence program, either from identifiable intelligence budgets or from non-intelligence budgets. An examination of the present distribution of resources that will assist in an understanding of this interdependence will certainly be helpful.

2. In the course of this review, should there appear to be areas of duplication, the DCI and the IAC should promptly consider whether such duplication is profitable or whether it should be modified or eliminated. In this connection, however, it should be pointed out that conclusions arrived at without the detailed analysis and understanding of the inter-related functions, could prove to be dangerously misleading and if pressed might injuriously affect the intelligence program. For this reason, we heartily support the Bureau's view that the Bureau and the Intelligence community should work closely together.

The attached classification list has, in line with the foregoing, been accordingly developed in cooperation between representatives of the Bureau and the IAC Subcommittee appointed for this purpose. The list represents what seems to be the most immediately feasible categorization of intelligence activities to meet the analysis suggested. The costing problem is such, however, that we recognize that additional categories and additional definitions may be required as the Bureau proceeds to obtain the Departmental data appropriate to the several classification categories. The IAC believes, therefore, that the Bureau and the intelligence community will be benefited further by continuing consultation between the Bureau and the IAC Subcommittee that prepared the classification list. The IAC suggests accordingly that the Bureau maintain continuing liaison with the present IAC Subcommittee and that it present its preliminary findings to the IAC for review before passing them on to higher authority.